

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

**The Market Conduct Examination
of Leader National Insurance Company.**

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) No. G 99 - 16

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) FINDINGS, CONCLUSIONS, AND

) ORDER ADOPTING REPORT

)

BACKGROUND

An examination of the market conduct of Leader National Insurance Company (the Company) for the period August 1, 1997, to July 31, 1998, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner.

This examination was limited to activities relating to policies issued in the State of Washington, and to claims closed for Washington insureds from August 1, 1997, through July 31, 1998. Complaints were reviewed from 1996 through the exam period for trend identification. The examination included a review of the following areas: Complaint handling; Underwriting, including new issue, renewals, non-renewal and cancellation practices; Claim settlement practices.

The examination report with the findings and recommendations was transmitted to the Company for its comments on February 23, 1999. A response to the draft report was received on April 5, 1999. The Company did not request a hearing.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained in pages 4-11 in the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the Report no later than 30 days from the date of this order and continuing thereafter. Those instructions are as follows:

1. The company is instructed to respond to inquiries from the Insurance Commissioner's office pursuant to the requirements of WAC 284-30-360(2) (page 5)
2. The company is instructed to include the legal name of the company in all written correspondence as required by RCW 48.05.190(1). (page 6)
3. The company is instructed to include a statement setting forth coverage under which a benefit is paid with all payments, and to ensure that all payments are made pursuant to WAC 284-30-330(9) and (16). (page 6)
4. The company is instructed to comply with WAC 284-30-340 regarding documentation of dates and pertinent events in all claim files. (page 7)
5. The company is instructed to require claim handlers to respond to all pertinent communications regarding claims within the 10 day time frame established in WAC 284-30-360(1) and (3). (page 7)
6. The company is instructed to comply with WAC 284-30-370 regarding prompt investigation of a claim. (page 7)
7. The company is instructed to evaluate total losses according to the methods established in WAC 284-30-390(1) and 1(b). The company is further instructed to eliminate the practice of deducting sales tax and transfer fees from owner retained total loss settlements. (page 8)

8. The company is instructed to send a written explanation of personal injury protection (PIP) coverage and circumstances that would allow the company to deny, limit or terminate PIP benefits to each insured applying for benefits pursuant to WAC 284-30-395(1). (page 8)

ENTERED at Lacey, Washington, on April 7, 1999.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner